DETAILED ACTION

1. This Office Action is the answer to the Amendment filed on December 18, 2007, which paper has been placed of record in the file.

2. Claims **1-8, 13-20, 27-30, 32, 33, 35, 36, 47-49, 51-55, 58, 59, 61** and **64** are pending in this application.

Examiner's Amendment

3. An examiner's amendment to the record appears below. Should the changes and/or additions be unacceptable to applicant, an amendment may be filed as provided by 37 CFR 1.312. To ensure consideration of such an amendment, it MUST be submitted no later than the payment of the issue fee.

Authorization for this examiner's amendment was given in the interview with Mr. Richard C. Himelhoch on February 19, 2008.

1) Amending claim 27 as the following:

27. (Currently Amended) A method of providing a financial product comprising **the steps of:**

providing a contracted service to a customer;

providing money for the contracted service by a money supplier;

using a performance bond issued by an insurance company to support a financial services company's ~~guarantee~~ indemnification to **[[a]]** **the** money supplier **against all risk** for the use of **the** money in **[[a]]** **the** contracted service.

2) Amending claim 53 as the following:

At line 1, word 5, replacing the number “50” by the number “47”.

Allowable Subject Matter/Reasons for Allowance

4. Claims **1, 13, 19, 27, 28** and **47** are allowed over the prior arts cited records.

The closest prior arts are:

1) Levine (US 6,233,566) discloses the loan origination subsystem 240 includes a loan origination interface 243 workstation. In an embodiment of the present invention, a consumer (i.e., borrower) would call into the subsystem 240 via the public service telephone network (PSTN) 248 to apply for a loan. A customer service agent, working for the loan originating entity would gather the information using a GUI on the interface workstation 243. Again, while one origination workstation 243 is shown in FIG. 2B, it will be apparent to one skilled in the relevant art(s) that a loan origination entity will employ a plurality of customer service agents within a call center, thus necessitating a plurality of workstations 243. The workstation 243 is connected to a loan origination server 242. Server 242 provides the back-end processing of the loan origination subsystem 240. The server 242 is connected to an origination database 244 and a criteria database 245. The loan origination subsystem 240 also includes a manager workstation 246 which allows the manager of the loan origination entity to manipulate the data in the criteria database 245 and perform supervisory functions over the customer service agents using the workstations 243. The loan origination subsystem 240 also includes a router 247--similar in functionality as routers 262a and 262b described above-which

allows origination data to be securely uploaded to the inside of the exchange system 200 via the Internet 260. During the loan origination process, the loan origination subsystem 240, via router 247 and the Internet 260, may obtain credit history data from a credit service bureau represented by a frame cloud 268. The outside region of exchange system 200 also includes a servicing subsystem 250. The servicing subsystem 250 includes a servicing server 252 connected to a servicing database 251. Many servicing companies utilize mortgage service software such as the Mortgage Servicer Systems software available from Financial Industry Computer Systems (FICS) Group of Brussels, Belgium. Thus, the servicing database 251 would contain FICS data which would interface with the exchange system 200 via a router 253--similar in functionality as routers 262a, 262b and 247 described above--and the Internet 260. While one servicing subsystem 250 is shown in FIG. 2B, it will be apparent to one skilled in the relevant art(s) that a plurality of loan servicing entities, each with their own loan servicing subsystem 240 infrastructure, may subscribe to the exchange system 200 and thus access the above-described components inside of the system. Loan servicing entities would provide exchange system 200 subscribers, via the router 253 and the Internet 260, with information about each loan such as prepayment, delinquency, default, etc. In an embodiment of the present invention, this information can be provided as continuous live data or via pre-scheduled (i.e., nightly, weekly, etc.) batch uploads. This allows exchange system 200 subscribers to have up-to-date information about each loan within a pool for risk management analysis. In contrast to the system of Levine, the present invention is for a business process wherein 100% of

the risk of loss for the loan is transferred to the monitoring (i.e., servicing). Specifically, as expressly set forth in claim 1, the method requires "providing indemnification by the second institution for said first institution against of all risk for providing said money for said Financial Product." Unlike the claimed method, Levine's process has the funding institution deciding which loans to fund and which loans to decline because the funding institution is at risk. In the present invention, the second institution (i.e., the Servicer) makes these decisions since the second institution is taking all of the risk. This contrasts sharply to Levine's process because the servicing company in Levine is managing the risk without ever taking any of the risk. Even with the ability of the service company to file or otherwise initiate a lawsuit to collect on delinquent or defaulted loan payments, the loaning entity is still at risk for the loan and will take the loss to the extent such lawsuits do not result in full satisfaction of the remaining loan amount. Moreover, it is not clear from Levine whether or not the loan entity would be responsible for the costs of the lawsuit. Such costs would also effect the overall amount recovered and provide further risk to the loan entity. Levine is not concerned with how the risk is managed when there are multiple parties to a Financial Product, or with the various roles taken by the parties in the claimed invention.

2) Abrahams (US 7,028,007) discloses a Borrower, an Issuer (Money Provider & Servicer), a Holder (who may replace the Issuer as Money Provider by purchasing the loan AND the risk through a Securitization vehicle), and an Insurer. The Issuer or Holder (i.e., the money provider) is not indemnified against all risk. Abrahams covers the treatment of the guaranteed portion of "insured loans." The guarantor is the secondary

source of repayment if the borrower defaults. The guarantor is the only party at risk in this scenario. In contrast, the present invention refers to a system where there is a customer, a Money Provider, a Servicer and a third party (e.g., an insurance company). The Servicer assumes ALL of the risk and has this indemnification backed-up by a third party. This "back-up" guarantee is for the benefit of the Money Provider, NOT the Servicer. So the Servicer remains 100% at risk. In the present invention, the Financial Products themselves are "not guaranteed," which would transfer risk from the money supplier and the servicer to the guarantor. Instead, the risk remains with the servicer and uses the guarantor as another source of repayment to the money supplier. This keeps the servicer always at more risk than the money supplier or guarantor. The present system eliminates Interest Rate Risk, Currency Risk and Nationalization Risk when lending in a foreign country by virtue of how the system is arranged and no cost is incurred to insure against these risks since they simply don't exist. In Abrahams, someone (the Borrower) has to pay for Mortgage Insurance, thereby increasing the cost of the loan product. Foreign Interest Rate Risk, Currency Risk and Nationalization Risk remains with Abrahams, as do the duplicate costs of branding and advertising. The present system also reduces costs, eliminates foreign risk AND protects Banks and the Governments and Taxpayers from Risk. Abrahams is simply taking a specific loan and insuring it for one specific type of risk (default) while raising the total cost to deliver the loan.

Therefore, it is clear from the description of Levine's and Abrahams's inventions that the prior arts do not considered the possibility of: *providing indemnification by the*

second institution for said first institution against all risk for providing said money for said Financial Product, ***as included in claims 1 and 28***; *obtaining indemnification for said Intermediary company against all risk associated with providing money for said contracted Financial Product, wherein said indemnification at least in part is in the form of a performance bond*, ***as included in claims 13***; *obtaining indemnification for said first institution of all risk for providing said money for said Financial Product wherein said indemnification at least in part is in the form of a put option*, ***as included in claims 19;*** *using a performance bond issued by an insurance company to support a financial services company's indemnification to the money supplier against all risk for the use of the money in the contracted service*, ***as included in claim 27;*** *indemnifying said first institution of all risk for providing said money for said Financial Product, wherein said indemnification is obtained in part from said second institution and in part from a third party*, ***as included in claims 47.***

5. Claims (2-8, 55), (14-18, 64), (20, 58), (59), (29, 30, 32, 33, 35, 36) and (48, 49, 51-54, 61), are allowed because they are dependent claims of the allowable independent claims 1, 13, 19, 27, 28 and 47 above, in that order.

Conclusion

6. Claims **1-8, 13-20, 27-30, 32, 33, 35, 36, 47-49, 51-55, 58, 59, 61** and **64** are allowed.

7. Any inquiry concerning this communication or earlier communications from the examiner should be directed to examiner Nga B. Nguyen whose telephone number is

(571) 272-6796. The examiner can normally be reached on Monday-Friday from 9:00AM-5:00PM.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Kambiz Abdi can be reached on (571) 272-6702.

Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the Group receptionist whose telephone number is (571) 272-3600.

8. Any response to this action should be mailed to:

Commissioner of Patents and Trademarks

P.O. Box 1450

Alexandria VA, 22131-1450

Or faxed to:

(571) 273-8300 (for formal communication intended for entry),

or

(571) 273-6796 (for informal or draft communication, please label "PROPOSED" or "DRAFT").

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Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/Nga B. Nguyen/

Primary Examiner, Art Unit 3692

February 27, 2008